

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113

Sacramento, CA

Minutes of Meeting

February 24, 2005

COMMISSIONERS PRESENT

Nancy E. McFadden, Chair
Thomas Calderon
Teresa P. Hughes
Vicki Marti
Lynn Schenk
Michael R. Yamaki

CMAC STAFF PRESENT

J. Keith Berger, Executive Director
Theresa Bueno
Paul Cerles
Denise DeTrano
Holland Golec
Shivani Nath
Steve Soto
Michael Tagupa
Mervin Tamai
Karen Thalhammer

COMMISSIONER ABSENT

Diane M. Griffiths

EX-OFFICIO MEMBERS PRESENT

Bob Sands, Department of Finance
Sunni Burns, Department of Health Services

I. Call to Order

The February 24, 2005 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Commissioner Thomas Calderon. A quorum was present.

II. Approval of Minutes

The February 10, 2005 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Mr. Berger reported that there were no new requests from hospitals or health plans to appear before the Commission in closed session at this time.

Mr. Berger informed the Commissioners that on March 10 representatives of the Office of Statewide Health Planning and Development (OSHPD) will give the Commissioners an update on the Seismic Retrofit Program (SB 1953) during the open session.

Mr. Berger indicated that CMAC staff has been working on implementation schedules for both Medical Education and SB 1255, Round 17B supplemental program. He reported that the initial letters to hospitals for Medical Education were sent out on February 18, and the SB 1255 letters will go out on February 25.

Mr. Berger noted that there had not been any concerns expressed by Commissioners regarding the meeting dates scheduled for the fiscal year 2005-06; therefore, the meeting dates will be posted on CMAC's website as scheduled, and copies are available to the public upon request.

Mr. Berger remarked that the Senate Budget Sub-committee No. 3 and Senate Health Committee held a joint hearing last week on Medi-Cal Redesign, including the hospital financing proposal, managed care expansion, and beneficiary premiums.

Mr. Berger indicated that he had participated in a joint Assembly hearing on Wednesday held by both the Health Committee and the Budget Sub-committee No. 1. The hearing focused on the hospital financing proposal. Mr. Berger noted that Mr. Rosenstein of DHS had given the Committees a summary of the issues that he presented during the last CMAC meeting, along with a few new items.

Mr. Berger indicated that he had been asked to comment on a few issues regarding the status of the hospital contracting program. He indicated that he had informed the Committees that things are very difficult at this time, because of cost increases at hospitals and increases in indigent patients at the same time that the state faces significant budget constraints. However, he reported that the state does have a strong core network of Medi-Cal contract hospitals that provide efficient access to Medi-Cal beneficiaries. The State is hoping that additional federal funding is part of the new hospital financing proposal.

The second question for CMAC at the Assembly hearing concerned the impact of the proposed movement of aged, blind, and disabled Medi-Cal beneficiaries into managed care on the number of fee-for-services inpatient days and on the hospital contracting program. Mr. Berger responded that based on our experience in areas such as Orange County, where aged, blind and disabled Medi-Cal beneficiaries are covered by the Medi-Cal Managed Care local county organized health system spectrum, the

State believes that there still will be a significant number of fee-for-services inpatient days supporting and requiring Medi-Cal hospital contracting.

Mr. Berger stated that the hospital industry was there as well and expressed both their support for the effort on the Medi-Cal Redesign and their concerns. Mr. Berger asked Sunni Burns if she would give the Commission a brief update on the Medi-Cal Hospital Financing Redesign discussion.

Ms. Burns informed the Commission that Deputy Director Rosenstein, Secretary Belshé, Director Shewry, and Governor Schwarzenegger went to Washington, D.C. to meet with federal representatives on the proposal. She said the meeting with Centers for Medicare & Medicaid Services (CMS) was very positive and that CMS is being helpful in trying to address California's needs, although there are still some issues to be worked out. She further indicated that the Governor is expected to go back to Washington, D.C. again in a couple of weeks to meet with CMS. Ms. Burns stated that the State is hopeful that an agreement will be reached at that time because time is running out.

Ms. Burns indicated that the State does have a verbal agreement from CMS on several components of the proposal that are estimated to bring in about \$500 million a year in new federal funding plans support growth during the five-year waiver.

Ms. Burns noted that the State, however, does not have an agreement on \$180 million for the indigent pool, which is still under negotiation; nor does it have an agreement on another component the State had asked for, which is \$250 million for private hospital rate increases, provided the State can find matching dollars. Ms. Burns reiterated, though, that CMS is cooperatively working with the State to find solutions.

IV. Medi-Cal Managed Care Activities

Mr. Berger remarked that there was nothing new to report at this time.

V. New Business/Public Comments/Adjournment

There being no further new business and no additional comments from the public, Chair Nancy McFadden recessed the open session. Chair McFadden opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair McFadden announced that the Commission had taken action on hospital amendments in closed session. The open session was then adjourned.